



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

FEB 16 2012

Dear Tribal Leader:

In September 2011, President Barack Obama announced the United States' commitment to participate in the Extractive Industries Transparencies Initiative (EITI). The EITI is a signature initiative of the U.S. national action plan for the International Open Government Partnership. On October 25, 2011, concurrent with the EITI board meeting in Jakarta, Indonesia, President Obama named Secretary of the Interior Ken Salazar as the U.S. Senior Official responsible for implementing EITI. In response, Secretary Salazar posted a White House blog the same day, committing to work with industry and civil society to implement EITI.

Thirty-five countries are in various stages of implementing EITI, most are developing countries who have been encouraged to join by industry, civil society, and the World Bank. The EITI offers a voluntary framework for governments and companies to publicly disclose in parallel the revenues paid and received for extraction of oil, gas, and minerals owned by the state. The design of each framework is country-specific, and is developed through a multi-year, consensus based process by a multi-stakeholder group comprised of government, industry, and civil society.

The EITI will strengthen relationships among the U.S. Government, industry, and civil society; deliver a more transparent, participatory, and collaborative government; ensure the full and fair return to the American people for the use of its public resources; and enable the U.S. to lead by example internationally on transparency and good governance.

Looking ahead, Secretary Salazar will soon establish the multi-stakeholder group which will oversee the design and implementation of the United States EITI, followed by that group's publication of a work plan for developing a framework for disclosures that will ultimately attain EITI compliance. We wish to inform you of our intention to start an open-ended dialogue – without any deadline – to receive your views about these relationships.

Please contact Mr. Anthony Walters, Counselor to the Deputy Assistant Secretary – Indian Affairs, at [anthony.walters@bia.gov](mailto:anthony.walters@bia.gov) to share your views.

For your reference, please find attached a copy of the EITI Fact Sheet, which can also be found at [http://eiti.org/files/2011-10-20\\_EITI\\_Fact\\_Sheet\\_English.pdf](http://eiti.org/files/2011-10-20_EITI_Fact_Sheet_English.pdf). We look forward to hearing from you.

Sincerely,

Laura Davis  
Chief of Staff

Enclosure



The EITI sets a global standard for revenues from natural resources

EITI implementation leads to a wide range of benefits

3.5 billion people live in countries rich in oil, gas and minerals. With good governance, the exploitation of these resources can generate large revenues to foster economic growth and reduce poverty. However, when governance is weak, such resource revenues may result in poverty, corruption and conflict. The EITI (Extractive Industries Transparency Initiative) aims to strengthen governance by improving transparency and accountability in the extractives sector.

The EITI is a global standard that promotes revenue transparency. It has a robust yet flexible methodology for monitoring and reconciling company payments and government revenues at the country level. Each implementing country creates its own EITI process which is overseen by participants from the government, companies and national civil society. The international EITI Board and the International Secretariat are the guardians of the EITI methodology internationally.

**Governments** benefit from following an internationally recognised transparency standard that demonstrates commitment to reform and anti-corruption, leading to improvements to the tax collection process and enhanced trust and stability in a volatile sector.

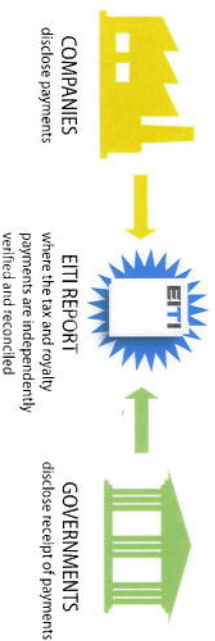
**Companies** benefit from a level playing field in which all companies are required to disclose the same information. They also benefit from an improved and more stable investment climate in which they can better engage with citizens and civil society.

**Citizens and civil society** benefit from receiving reliable information about the sector and a multi-stakeholder platform where they can better hold the government and companies to account.

**Energy security** is enhanced by a more transparent and level playing field. This increased stability encourages long-term investment in production – and thus improves the reliability of supply.

The EITI standard has two main elements:

Companies publish what they pay and governments publish what they receive in an EITI Report.

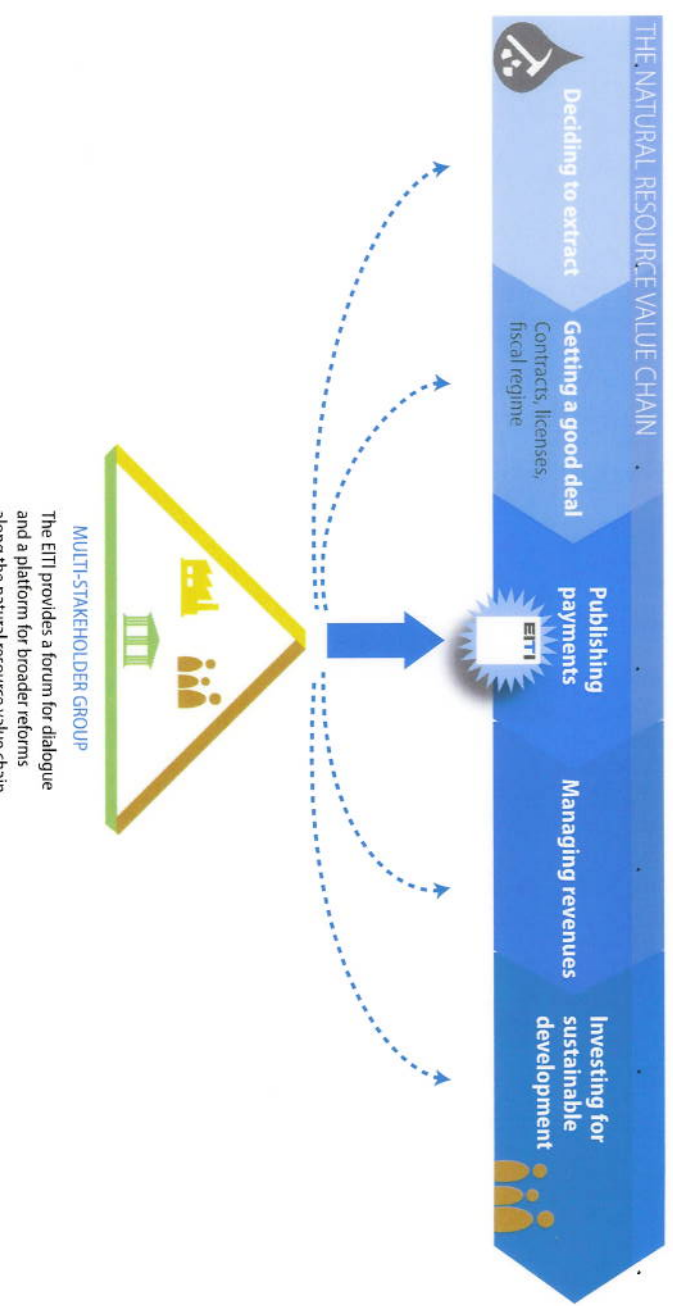


This process is overseen by a multi-stakeholder group of governments, companies and civil society.



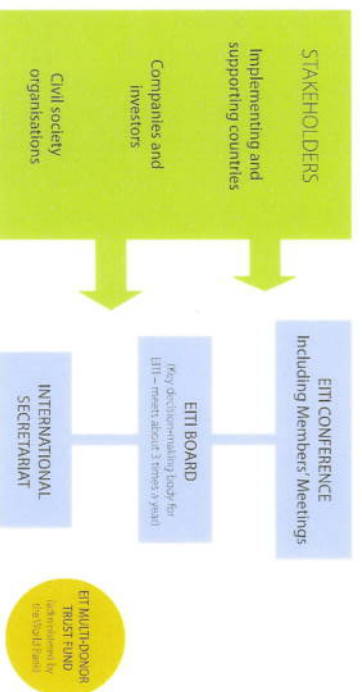


The EITI standard is a robust mechanism that ensures transparency of revenues from oil, gas, and mining. Yet, it is flexible and encourages adaptation to national circumstances and to other areas of the natural resource value chain.



### The global governance of the EITI reflects its multi-stakeholder nature

The EITI is overseen by the international EITI Board, chaired by Rt Hon Clare Short. The Board consists of representatives from governments in countries implementing the EITI, extractive companies, civil society groups, investors, and supporting country governments. The highest governing body is the Members' Meeting at the EITI Global Conference. The latest conference in was held in Paris in March 2011.



# The 21 EITI Requirements

## Implementation of the EITI process is assured by independent 'EITI Validation'

To become an **EITI Candidate**, a country must meet five sign-up requirements. It then has 1.5 years to publish an 'EITI report' that reconciles what companies say that they pay in taxes, royalties and signature bonuses, with what governments say they have received. To achieve **EITI Compliant** status, a country must complete an **EITI Validation**. It provides an independent assessment of the progress achieved and what measures are needed to strengthen the EITI process.

If the international EITI Board considers a country to have met all EITI requirements, the country will be recognised as **EITI Compliant**. If a country has made good progress, but does not meet all of the EITI requirements, it may apply to retain its Candidate status. Where no meaningful progress has been achieved, the Board will revoke the country's EITI status.

The 21 EITI Requirements and the EITI Validation methodology are set out in the EITI Rules, which is available at the EITI website.

## EITI CANDIDATE

In order to apply for EITI Candidacy:

### SIGN-UP REQUIREMENTS

**1** The government is required to issue an unequivocal public statement of its intention to implement the EITI.

**2** The government is required to commit to work with civil society and companies on the implementation of the EITI.

**3** The government is required to appoint a senior individual to lead on the implementation of the EITI.

**4** The government is required to establish a multi-stakeholder group to oversee the implementation of the EITI.

**5** The multi-stakeholder group, in consultation with key EITI stakeholders, should agree and publish a fully costed work plan, containing measurable targets, and a timetable for implementation and incorporating an assessment of capacity constraints.

Before the end of the EITI Candidacy period:

### PREPARATION REQUIREMENTS

**6** The government is required to ensure that civil society is fully, independently, actively and effectively engaged in the process.

**7** The government is required to engage companies in the implementation of the EITI.

**8** The government is required to remove any obstacles to the implementation of the EITI.

**9** The multi-stakeholder group is required to agree a definition of materiality and the reporting templates.

**10** The organisation appointed to produce the EITI reconciliation report must be perceived by the multi-stakeholder group as credible, trustworthy and technically competent.

**11** The government is required to ensure that all relevant companies and government entities report.

**12** The government is required to ensure that company reports are based on accounts audited to international standards.

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## EITI COMPLIANT

To retain EITI Compliance:

### RETAINING COMPLIANCE REQUIREMENTS

**21** Compliant countries must maintain adherence to all the requirements in order to retain Compliant status.

### DISCLOSURE REQUIREMENTS

**14** Companies comprehensively disclose all material payments in accordance with the agreed reporting templates.

**15** Government agencies comprehensively disclose all material revenues in accordance with the agreed reporting templates.

**16** The multi-stakeholder group must be content that the organisation contracted to reconcile the company and government figures did so satisfactorily.

**17** The reconciler must ensure that that the EITI Report is comprehensive, identifies all discrepancies, where possible explains those discrepancies, and where necessary makes recommendations for remedial actions to be taken.

### DISSEMINATION REQUIREMENTS

**18** The government and multi-stakeholder group must ensure that the EITI Report is comprehensible and publicly accessible in such a way as to encourage that its findings contribute to public debate.

### REVIEW AND VALIDATION REQUIREMENTS

**19** Oil, gas and mining companies must support EITI implementation.

**20** The government and multi-stakeholder group must take steps to act on lessons learnt, address discrepancies and ensure that EITI implementation is sustainable. Implementing countries are required to submit Validation reports in accordance with the deadlines established by the Board.



## 35 countries are already well underway in implementing the EITI

12 countries are now EITI Compliant: Azerbaijan, Central African Republic, Ghana, Kyrgyz Republic, Liberia, Mali, Mongolia, Nigeria, Niger, Norway, Timor-Leste and Yemen. 23 other countries have achieved EITI Candidate status: Afghanistan, Albania, Burkina Faso, Cameroon, Chad, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Gabon, Guatemala, Guinea, Indonesia, Iraq, Kazakhstan, Mauritania, Madagascar, Mozambique, Peru, Sierra Leone, Tanzania, Togo, Trinidad and Tobago and Zambia.

29 of these countries have disclosed their payments and revenues in an EITI Report. Several other countries, including the United States of America, have signalled their intent to implement the EITI and are working towards meeting the sign-up indicator requirements.

## 60 of the largest oil, gas and mining companies are committed to supporting the EITI

60 of the world's largest oil, gas and mining companies support and actively participate in the EITI process – through their country operations in implementing countries, international-level commitments and industry associations. The EITI has won the support of over 80 global investment institutions that collectively manage over US \$16 trillion.

## A broad coalition of governments, civil society and international organisations supports the EITI

Civil society organisations participate in the EITI directly and through the Publish What You Pay campaign, which is supported by more than 300 NGOs worldwide.

International organisations supporting the EITI include the World Bank, International Monetary Fund and the Regional Development Banks. These organisations provide technical and financial support to implementing countries, and support EITI outreach.

A number of governments support the EITI including Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States. These governments provide political, technical and financial support, both internationally and at the country level. They also provide financial support through direct bilateral support to EITI implementing countries or through a multi-donor trust fund managed by the World Bank. The EITI has also been endorsed by the United Nations, G8, G20, African Union, the International Organisation of La Francophonie and the European Union.

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EITIfactsheet01

● Compliant countries  
● Candidate countries

To learn more, visit the EITI website [www.eiti.org](http://www.eiti.org), sign up to the EITI Newsletter and follow us on Twitter @EITIOrg.